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Mountain Telecommunications, Inc.



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Arizona Corporation Commission
DOCKETED

AUG -3 2006

Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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Re: In the matter of the Merger of Mountain Telecommunications, Inc. and Eschelon Telecom, Inc.; for waiver of Rule 14-2-803 of the public utility holding companies and affiliated interests rules and joint notice of intent to transfer control.
Docket No. T-03432A-06-0451

Dear Commissioners:

On July 7, 2006, Mountain Telecommunications, Inc. (MTI) and Eschelon Telecom, Inc. (ETI)¹, filed the above-referenced application and notification needed to facilitate the merger of MTI, a competitive provider of telecommunications services in Arizona - with Eschelon. On behalf of our respective companies, we are writing to urge the Commission to proceed with its review of this transaction in a timely manner, without an evidentiary hearing, and to do so in a manner consistent with the Commission's statutory obligations and with the public interest. The parties respectfully request that the Commission consider this Application as soon as possible, but no later than December 1, 2006.

¹ Eschelon Telecom, Inc. has nine wholly-owned subsidiaries that operate as competitive carriers in eight states. Its Arizona subsidiary is Eschelon Telecom of Arizona, Inc. which was granted a CC&N on July 25, 2000 in Order 62751. Upon completion of this transaction, MTI and Eschelon Telecom of Arizona, Inc. will operate in Arizona as separate, wholly-owned subsidiaries of Eschelon Telecom, Inc.

It is important to MTI's customers, as well as our companies, that this matter proceeds expeditiously to a conclusion. This transaction involves a significant cash investment by Eschelon into MTI which will enable the merged company to be a stronger competitor in the Arizona telecommunications service marketplace. The parties are confident that the merger will have no detrimental effect upon the customers of MTI, or the customers of Saddleback Communications who rely directly or indirectly upon MTI's services. Moreover, rapid approval and consummation of the merger of MTI and Eschelon will have important public interest benefits. The combined company will have available greater resources than MTI currently has available. The combined company will be better positioned to bring new and innovative services to Arizona consumers and to be a more formidable competitor in the Arizona telecom marketplace - a marketplace still dominated by the state's largest incumbent local exchange carrier -- Qwest Corporation. The parties have developed a Transition Services Agreement to secure each other's cooperation in making the transfer seamless and transparent to all customers.

Until the Commission approves the application, however, Eschelon's resources will lie fallow and unavailable to MTI, and the companies will not be able to realize the operating efficiencies which their merger will make possible. In addition, MTI customers who have been informed of the proposed merger will continue to receive service from a separately owned and operated MTI, and will remain uncertain as to when and how they will be served by the combined company. MTI and Eschelon fear that a prolonged period of uncertainty may drive customers away from MTI thereby weakening the competitive positions of both companies before the merger occurs.

Eschelon has a long history of successful acquisitions dating back to the founding of Eschelon in 1996. In recent years, Eschelon has made two acquisitions quite similar to the transaction now contemplated. In 2004, Eschelon acquired Advanced Telcom Group, Inc. and in 2006, Eschelon acquired Oregon Telecom, Inc. In both of these cases Eschelon has been able to add an expanded list of services and successfully integrate them into existing services. Thus, Eschelon is experienced in integrating operations without adverse customer impacts.

The parties have also applied for FCC approval of the transaction under Section 214 of the Telecommunications Act and are on track to obtain FCC approval of the transaction by mid to late August 2006 in accordance with the FCC's rules which allow for streamlined processing of routine transfer and merger applications by competitive telecommunications carriers. A copy of that filing is enclosed.

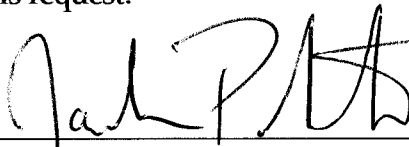
We respectfully submit that this matter does not require an evidentiary hearing to be held. The transaction is a straight-forward change in control of the parent company of MTI. MTI will continue to operate under its current CCN and tariffs and customer contracts after the transaction until such time as the operations of the two companies can be combined. As the Commission is aware, MTI and Eschelon each have in effect Commission-approved interconnection agreements with Qwest. It will take multiple months for Qwest and the two companies to complete the process of enabling the combined company to operate under a single interconnection agreement. During that period and after, MTI and Eschelon are committed to having the change in MTI's ownership be transparent to the end users. Any information required for review of the transaction can and will be supplied by the parties without a hearing. The parties stand ready to provide any information to Commission Staff that would prove helpful to Staff and Commissioners in evaluating this transaction. The Parties commit to respond promptly to requests for additional information from Staff or from any Commissioner.

Mountain Telecommunications and Eschelon respectfully request that the Commission consider this matter without holding a costly and time-consuming evidentiary hearing and that a decision be made on the Application as expeditiously as possible, but no later than December 1, 2006.

We thank you for your consideration of this request.



Richard A. Smith
President & CEO
Eschelon Telecom, Inc.



Jack Pleiter
President & CEO
Mountain Telecommunications, Inc.

Enclosure

cc: Maureen Scott, Arizona Corporation Commission
Armando Fimbres, Arizona Corporation Commission